

Message Text

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TAGS: ELAB, SW
SUBJ: SWEDISH LABOR NEGOTIATIONS

1. SUMMARY: SWEDEN'S ANNUAL LABOR NEGOTIATIONS BEGAN IN EARNEST LAST WEEK (ON JANUARY 10). BY WEEK'S END IT WAS ALREADY ANNOUNCED THAT A DEADLOCK HAD BEEN REACHED. NONE-THELESS, HOPES ARE STILL RUNNING HIGH ON BOTH SIDES THAT A QUICK AGREEMENT MIGHT YET BE REACHED. END SUMMARY.

2. REPRESENTATIVES FROM THE SWEDISH CONFEDERATION OF TRADE UNIONS (LO) AND FROM THE NEGOTIATING CARTEL FOR WHITE-COLLAR WORKERS (PTK) SAT DOWN ON JANUARY 10 OPPOSITE THE NEW AND REPUTEDLY TOUGH NEGOTIATING TEAM REPRESENTING THE SWEDISH EMPLOYERS' CONFEDERATION (SAF) IN AN EFFORT TO HAMMER OUT THE 1978 CENTRALIZED LABOR AGREEMENT FOR SWEDEN'S BLUE AND WHITE COLLAR PRIVATE SECTOR LABOR FORCE. CLOUDING THE ATMOSPHERE WAS SWEDEN'S POOR ECONOMIC PERFORMANCE OVER THE LAST YEAR AND IT WAS OBVIOUS TO BOTH SIDES THAT THERE IS A SMALLER PIE TO BE SHARED THIS YEAR.

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3. SWEDISH LABOR, WHICH EXPERIENCED A 3 PERCENT DECREASE IN ITS OVERALL LIVING STANDARDS LAST YEAR IN THE FACE OF A 13 PERCENT INFLATION RATE, IS AIMING FOR A HALT TO THE BACK-SLIDE. TO THIS END, LABOR IS DEMANDING THE INCLUSION IN THE NEW AGREEMENT OF A "GUARANTEE CLAUSE" WHICH WOULD TRIGGER A NEW ROUND OF NEGOTIATIONS WHENEVER COST OF LIVING ESCALATED BEYOND A PRE-DETERMINED FIGURE. ECONOMISTS FOR BOTH LABOR AND

MANAGEMENT HAVE BEEN STUDYING VARIOUS FORMULAS FOR A WORKABLE "GUARANTEE CLAUSE". MANAGEMENT HAS NOT BEEN NEGATIVE TO THE IDEA, BUT WOULD PREFER TO TIE WAGE INCREASES TO THE ECONOMIC BASE RATHER THAN TO PRICE INCREASES.

4. SAF'S PRINCIPAL PROPOSAL IS A STABILIZATION AGREEMENT TO EXTEND OVER THREE YEARS AND UPON WHICH SWEDISH BUSINESS CAN RECONSTRUCT THE FOUNDATIONS FOR AN ECONOMIC RECOVERY. THE FIRST YEAR OF THIS PROPOSED 3-YEAR AGREEMENT WOULD BE MARKED BY NO WAGE INCREASES WHATEVER. (ALREADY DUE TO GO INTO EFFECT IN 1978 REGARDLESS OF THE PROVISIONS OF ANY NEW AGREEMENT ARE A GUARANTEED FIFTH WEEK OF VACATION AND OTHER BENEFITS COSTING EMPLOYERS A TOTAL INCREASE OF 5.6 PERCENT). LABOR, FOR ITS PART, INSISTS UPON A ONE-YEAR AGREEMENT TO INCLUDE A LIMITED GENERAL WAGE INCREASE AND SPECIAL INCREASES FOR LOW WAGE-EARNERS.

5. COMMENT: DESPITE THE TEMPORARY DEADLOCK, PROSPECTS REMAIN BRIGHT FOR A RAPID AGREEMENT. GIVEN PRESENT ECONOMIC CONDITIONS, LABOR BELIEVES A STRIKE WOULD WORK ONLY TO MANAGEMENT'S ADVANTAGE. MOREOVER, A PROLONGED ROUND OF NEGOTIATIONS WITHOUT RETROACTIVE BENEFITS (AS WAS THE CASE LAST YEAR) IS LIKEWISE NOT IN LABOR'S INTEREST. THE NEW SAF NEGOTIATING TEAM, WHILE UNTESTED IN NEGOTIATING BATTLES, IS REPUTED TO BE HARD-NOSED. AT THIS STAGE, HOWEVER, MANY OBSERVERS OF THE LABOR MARKET BELIEVE SAF WILL NOT BE REQUIRED TO AGREE TO MORE

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THAN MINIMAL CONCESSIONS TO BRING A SOBERED TRADE UNION MOVEMENT INTO THE FOLD THIS YEAR.

KENNEDY-MINOTT

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